

**ASSOCIATION  
BETWEEN  
THE EUROPEAN UNION  
AND TURKEY**

**The Association Council**

**Brussels, 12 June 2018  
(OR. en)**

**UE-TR 4804/18**

**COVER NOTE**

---

From:	Mr Jean-Luc Demarty, Director General for Trade, European Commission
date of receipt:	5 April 2018
To:	President of the EU-Turkey Association Council
Subject:	Anti-dumping complaint concerning imports of Low Carbon Ferro-Chrome originating <i>inter alia</i> in Turkey

---

Excellency,

I have the honour to inform you that the Commission has sent to the Mission of Turkey to the European Union the enclosed Note Verbale concerning the anti-dumping proceeding mentioned above.

In accordance with Article 46 of Decision No 1/95 of the EC-Turkey Association Council of 22 December 1995 on implementing the final phase of the Customs Union, I hereby inform the Customs Union Joint Committee that the Commission has decided to continue the investigation without imposing provisional measures in the framework of the above mentioned anti-dumping proceeding.

The Interim Report setting out the material facts and considerations relevant to the Commission's investigation so far is enclosed for your information.

I take this opportunity to renew to the President of the EU-Turkey Association Council the assurance of my highest consideration, and to assure you that you will be kept duly informed of any further developments.

Jean-Luc DEMARTY

---

Encl.: Note Verbale  
Interim report



EUROPEAN COMMISSION  
Directorate-General for Trade

## NOTE VERBALE

Directorate-General for Trade of the European Commission presents its compliments to the Mission of Turkey to the European Union and has the honour to inform that the Commission has decided to continue the investigation without imposing provisional measures in the framework of the anti-dumping proceeding concerning imports of Low Carbon Ferro-Chrome originating, *inter alia* in Turkey.

The Interim Report setting out the material facts and considerations relevant to the Commission's investigation so far is enclosed for your information.

All interested parties have also received the aforementioned Interim Report and have been given the opportunity to comment. The deadline for comments is 3 April 2018.

Their comments will be evaluated before making a final determination. The content of the Interim Report does not prejudice any subsequent decision which may be taken by the European Commission in this proceeding.

Directorate-General for Trade of the European Commission takes this opportunity to renew to the Mission of Turkey to the European Union the assurance of its highest consideration, and to notify that the Mission of Turkey to the European Union will be kept duly informed of any further developments.

Brussels, 23 March 2018  
trade.dga2.h.2(2018)1746454



Mission of Turkey to the European Union  
Avenue des Arts 36-38  
Belgium-1040 Bruxelles

Encl. Interim Report

Commission européenne, B-1049 Bruxelles / Europese Commissie, B-1049 Brussel - Belgium. Telephone: (32-2) 299 11 11.

Electronically signed on 23/03/2018 15:37 (UTC+01) in accordance with article 4.2 (Validity of electronic documents) of Commission Decision 2004/563



**EUROPEAN COMMISSION**

Directorate-General for Trade

Directorate H - Trade defence

Investigations I. Relations with Member States for Trade Defence matters

*Limited<sup>1</sup>*

**INTERIM REPORT**

**AD 638**

**Anti-dumping proceeding concerning imports of Low Carbon Ferro-chrome  
originating in the People's Republic of China, Russia and Turkey**

**CASE-HANDLERS**

**DUMPING TEAM**

**HEAD OF SECTION**

Thomas Langelaar (+32 2 29 87571)

**OFFICIALS IN CHARGE:**

Adriana Ildiko Antal (+32 2 29 66808)

Arto Leppilähti (+32 2 29 67961)

Philippe Metten (+32 2 29 54454)

Marc Driessen (+32 2 29 84400)

**INJURY TEAM**

**HEAD OF SECTION**

Xavier Seront (+32 2 29 87791)

**OFFICIALS IN CHARGE:**

Flavia Ursulescu (+32 22 9 88746)

*functional e-mail addresses:* [TRADE-AD638-DUMPING-CHINA@ec.europa.eu](mailto:TRADE-AD638-DUMPING-CHINA@ec.europa.eu)  
[TRADE-AD638-DUMPING-TURKEY@ec.europa.eu](mailto:TRADE-AD638-DUMPING-TURKEY@ec.europa.eu)  
[TRADE-AD638-DUMPING-RUSSIA@ec.europa.eu](mailto:TRADE-AD638-DUMPING-RUSSIA@ec.europa.eu)  
[TRADE-AD638-INJURY@ec.europa.eu](mailto:TRADE-AD638-INJURY@ec.europa.eu)

<sup>1</sup> This document is for internal use only. It is protected pursuant to Article 4 of Regulation (EC) No1049/2001 of the European Parliament and of the Council (OJ L 145, 31.5.2001, p.43). It is a confidential document pursuant to Article 19 of Regulation (EC) No 2016/1036 of the European Parliament and the Council (OJ L 176, 30.06.2016, p. 21) and Article 6 of the WTO Agreement on Implementation of Article VI of the GATT 1994 (Anti-dumping Agreement).

## **EXECUTIVE SUMMARY**

### **1. BACKGROUND**

The anti-dumping proceeding was initiated following a complaint lodged on 10 May 2017 by the Association of European ferro-alloy producers (the complainant) on behalf of the sole producer of Low Carbon Ferro-Chrome ('LCFC') in the Union, Elektrowerk Weisweiler GmbH. The complainant represents 100% of the total Union production of LCFC.

The product subject to this investigation is ferro-chromium, containing by weight more than 0,05 % but not more than 0,5 % of carbon originating in the People's Republic of China, Russia and Turkey.

### **2. PRODUCT SCOPE**

The investigation revealed that the Union producer does not produce all product types falling under the scope of the investigation. The investigation still needs to determine whether the product scope should be amended.

### **3. DUMPING**

In the absence of a provisional conclusion on the product scope, the volume and the prices of domestic sales and/or export sales to the EU necessary for the calculation of the dumping margin for China and Turkey could not be determined. Dumping has been established for Russia at the level of 21.3%.

### **4. INJURY**

The situation of the Union industry deteriorated significantly over the period considered with negative profit levels and the majority of the injury indicators showing a downward trend. At this stage of the investigation the Commission preliminarily concluded that the Union industry suffered material injury during the period considered.

### **5. CAUSATION**

In view of the lack of clarity with regard to the product scope, no provisional conclusion could be drawn with regard to causation.

### **6. UNION INTEREST**

In the absence of a clear picture on the product scope, no preliminary conclusions can be drawn on the Union interest at this stage of the investigation.

### **7. COURSE OF ACTION**

In light of the above, the Commission considers it warranted to continue the investigation without imposing provisional measures.

## **1. PROCEDURE**

### **1.1. Initiation**

On 23 June 2017, the European Commission ('the Commission') initiated an anti-dumping investigation with regard to imports into the Union of low carbon ferro-chrome ('LCFC') originating in the People's Republic of China ('PRC'), Russia and Turkey ('the countries concerned') on the basis of Article 5 of Regulation (EU) 2016/1036 of the European Parliament and of the Council ('the basic Regulation'). It published a Notice of Initiation in the *Official Journal of the European Union*<sup>2</sup> ('the Notice of Initiation').

The Commission initiated the investigation following a complaint lodged on 10 May 2017 by the Association of European ferro-alloy producers ('Euroalliages', or 'the complainant') on behalf of the sole Union producer of low carbon ferro-chrome ('LCFC'), Elektrowerk Weisweiler GmbH. The complainant represents 100% of the total Union production of LCFC. The complaint contained sufficient evidence of dumping and of resulting material injury to justify the initiation of the investigation.

### **1.2. Interested parties**

In the Notice of Initiation, the Commission invited interested parties to contact it in order to participate in the investigation. In addition, the Commission specifically informed the complainant, the known exporting producers in the countries concerned, the Chinese, Russian and Turkish authorities, known importers, and users, as well as associations known to be concerned about the initiation of the investigation and invited them to participate.

Interested parties had an opportunity to comment on the initiation of the investigation and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings.

### **1.3. Sampling**

In its Notice of Initiation, the Commission stated that it might sample the interested parties in accordance with Article 17 of the basic Regulation.

#### **1.3.1. Sampling of exporting producers in the PRC and Russia**

To decide whether sampling was necessary and, if so, to select a sample, the Commission asked all exporting producers in the PRC and Russia to provide the information specified in the Notice of Initiation. In addition, the Commission asked the Missions of the People's Republic of China and Russia to the European Union to identify and/or contact other exporting producers, if any, that could be interested in participating in the investigation.

None of the exporting producers in the PRC and Russia provided the requested information nor agreed to be included in the sample. Sampling was thus not necessary.

#### **1.3.2. Sampling of importers**

To decide whether sampling was necessary and, if so, to select a sample, the Commission asked unrelated importers to provide the information specified in the Notice of Initiation.

None of the eight unrelated importers that came forward after initiation provided the requested information in the questionnaires. Sampling was thus not necessary.

---

<sup>2</sup> Notice of initiation of an anti-dumping proceeding concerning imports of Low Carbon Ferro-Chrome originating in the People's Republic of China, Russia and Turkey, OJ C200, 23.6.2017, p. 17



#### **1.4. Replies to the questionnaire**

The Commission sent questionnaires to the sole Union producer of LCFC, to ten users and eight importers that came forward after initiation.

The Commission received replies from one Turkish producer, the sole Union producer and from four users of LCFC. None of the eight importers replied to the questionnaire.

#### **1.5. Verification visits**

Verification visits pursuant to Article 16 of the basic Regulation were carried out at the premises of the following companies:

- Union producers
  - Elektrowerk Weisweiler GmbH –'EWV', Germany and its related company
  - Afarak Trading Limited –'ATL', Malta
- Users
  - Aperam Sourcing SCA, Luxembourg
  - Salzgitter AG, Germany
- Exporting producer in Turkey
  - Eti Elektrometalurji A.Ş., Antalya, Turkey

#### **1.6. Investigation period and period considered**

The investigation of dumping and injury covered the period from 1 April 2016 to 31 March 2017 ('the investigation period' or 'IP'). The examination of trends relevant for the assessment of injury covered the period from 1 January 2014 to the end of the investigation period ('the period considered').

### **2. PRODUCT CONCERNED AND LIKE PRODUCT**

#### **2.1. Product concerned**

The product concerned is ferro-chromium, containing by weight more than 0,05 % but not more than 0,5 % of carbon originating in the PRC, Russia and Turkey, currently falling within CN code 7202 49 50 ('the product concerned').

LCFC is mainly used by the steel and stainless industries to introduce chromium into steels and alloys to increase their hardness, hardenability, corrosion, abrasion and wear resistance. Ferro-Chrome contains chromium as a major alloying element.

#### **2.2. Like product**

The investigation showed that the product concerned and the product produced and sold on the domestic market of the countries concerned have the same basic physical chemical and technical characteristics as well as the same basic uses. They are therefore considered to be alike within the meaning of Article 1(4) of the basic Regulation.

Regarding the product produced and sold in the Union market, interested parties claimed that, in comparison with the imports from the countries concerned, the Union industry, which only produced LCFC with a carbon content of maximum 0.10% which is considered a 'high-end' product type within the product scope, cannot supply the users requesting the lower quality LCFC with a higher carbon content. Users claimed that these product types were not interchangeable or only at a high cost.

The investigation has confirmed that the Union industry did not produce the higher carbon content types during the IP. However, based on the information available to the Commission, only around 20% of the LCFC consumed in the EU has carbon content

higher than 0.10%. The remaining 80% corresponds to LCFC with maximum 0.10% carbon content, which is produced by the Union industry.

At this stage of the investigation, the information received from parties could not yet be fully verified and needs further analysis. On this basis, no clear conclusions could be reached as regards the like product and no provisional conclusions could be drawn on this particular aspect.

### 3. DUMPING

#### 3.1. PRC

As mentioned above, due to the non-cooperation of the Chinese exporting producers, Article 18 of the basic Regulation was applied and the findings on dumping were based on facts available as described below. The exporting producers concerned as well as the Mission of the People's Republic of China to the European Union were informed accordingly. No comments were received in this regard.

##### 3.1.1. Normal value

###### 3.1.1.1. Market economy treatment ('MET')

As explained above, none of the Chinese exporting producers cooperated in the investigation or claimed MET. Therefore, none of them complied with the criteria in Article 2(7)(c) of the basic Regulation to be granted MET.

###### 3.1.1.2. Exporting producers not granted MET

###### *(a) Analogue country*

According to Article 2(7)(a) of the basic Regulation normal value was determined on the basis of the price or constructed value in a market economy third country for the exporting producers not granted MET. For this purpose, a market economy third country had to be selected ('the analogue country').

In the Notice of Initiation, the Commission informed interested parties that it envisaged Russia as an appropriate analogue country and invited interested parties to comment. No comments were received in this regard.

In addition, the Commission tried to obtain cooperation from other potential analogue countries, including all the countries from where, according to Eurostat statistics, exports of LCFC to the Union took place as an indication for domestic production of the product under investigation. The Commission thus contacted the authorities of Brazil, Canada, Former Yugoslavian Republic of Macedonia, India, Japan, Mexico, Singapore, Switzerland, Taiwan, the US and Zimbabwe. None of the authorities of the aforementioned countries came forward with names of potential producers.

In view of the non-cooperation from Russia, the Commission examined whether Turkey could be used as an analogue country.

The investigation established that the domestic production in Turkey is in competition with imports of LCFC from, *inter alia*, the PRC and Russia. There were no anti-dumping duties in place and the conventional import duties in Turkey were 7% *ad valorem* in the investigation period for imports of LCFC. On this basis, Turkey was deemed appropriate for the purpose of establishing the normal value.

The Commission concluded at this stage that Turkey is an appropriate analogue country under Article 2(7)(a) of the basic Regulation.

###### *(b) Normal value (analogue country)*



In the absence of provisional conclusion on the product scope, the volume and the prices of the domestic sales in the analogue country Turkey needed for the calculation of the normal value could not be determined.

#### 3.1.2. Export price

In the absence of cooperation from exporting producers, the export price was based on the Commission's Surveillance database since a large proportion of imports from the countries concerned were declared in Eurostat under the header 'Countries not specified for commercial military reasons in the framework of trade with third countries', thus not allowing for a correct distribution of these imports to the countries concerned.

#### 3.1.3. Dumping margin

In the absence of a provisional conclusion on the product scope, the dumping margin could not be determined.

### 3.2. Russia

As mentioned above, due to the non-cooperation of the Russian exporting producers, Article 18 of the basic Regulation was applied and the findings on dumping were based on facts available as described below, i.e. complaint and Surveillance Database. The exporting producers concerned as well as the Mission of Russia to the European Union were informed accordingly. No comments were received in this regard.

#### 3.2.1. Normal value

In the absence of other information available, normal value was based on the prices in Russia for LCFC during the IP submitted by the complainant.

#### 3.2.2. Export price

The export price was based on the information available in the Surveillance Database, as explained under section 3.1.2.

#### 3.2.3. Comparison

The Commission compared the normal value and the export price on an ex-works basis.

Where justified by the need to ensure a fair comparison, the Commission adjusted the normal value and/or the export price for differences affecting prices and price comparability, in accordance with Article 2(10) of the basic Regulation. Adjustments were made for transport costs (EUR 11 per tonne for export price and EUR 6 per tonne for the normal value), based on information provided in the complaint.

#### 3.2.4. Dumping margin

The provisional dumping margin, expressed as a percentage of the CIF Union frontier price, duty unpaid, for all exporting producers in Russia is as follows:

Company	Provisional dumping margin
All companies	21.3%

### 3.3. Turkey

The cooperating exporting producer referred above was the only producer of the product concerned in Turkey and it represented all exports originating in Turkey to the Union during the investigation period based on Eurostat data.

In the absence of a provisional conclusion on the product scope, the volume and the prices of the domestic sales and the export sales to the EU necessary for the calculation of the dumping margin could not be determined.

#### 4. INJURY

##### 4.1. Preliminary remark

Since the Union industry consists of only one producer, figures had to be indexed or given in a range for reasons of confidentiality and in order to nonetheless warrant the rights of defence of interested parties to understand the methodology applied by the Commission.

##### 4.2. Definition of the Union industry and Union production

The sole cooperating Union producer represents 100 % of the Union production of LCFC during the during the investigation period. The Commission therefore considered that it constitutes the Union industry within the meaning of Article 4(1) of the basic Regulation and will be thereafter referred to as the 'Union industry' within the meaning of Article 4(1) of the basic Regulation.

##### 4.3. Union consumption, market shares and import prices of countries concerned

In the absence of a provisional conclusion on the product scope, no provisional conclusions could be drawn with regard to the development of Union consumption, market shares of the countries concerned and Turkish import price and volume over the period considered.

In the absence of cooperation by Chinese and Russian exporting producers, the Commission established the Chinese and Russian import volumes and prices on the basis of the Commission's Surveillance database for CN code 7202 49 50. In view of the existence of secret imports (i.e. imports which do not identify the country of origin), the information below has to be presented using an index. As regards the import volumes and prices from Turkey, their trends could not be presented in the absence of a provisional conclusion on the product scope. Contrary to the imports from the PRC and Russia, data collected from the co-operating Turkish exporting producer show that imports from Turkey in the IP covered also the higher carbon content types during the IP (i.e. carbon content above 0.10%). The imports into the Union from the PRC and Russia and their import prices developed as follows:

Table 1 — Import volumes and prices from the PRC and Russia				
	2014	2015	2016	IP
Volume of imports from the PRC				
<i>Index (2014=100)</i>	100	218	264	188
Chinese import price	100	108	97	96
<i>Index (2014=100)</i>				
Volume of imports from Russia	100	78	85	85

<i>Index (2014=100)</i>				
Russian import price <i>Index (2014=100)</i>	100	122	116	117
<i>Source: Surveillance database</i>				

Import volumes from the PRC increased significantly by 88% while the Russian import volume decreased by 15% during the period considered. In terms of prices, the average Chinese import price decreased by 4% throughout the period considered and was in the range of EUR/tonne [1768 – 1945] in the IP. The average price of imports from Russia increased by 17% during the period considered and was in the range of EUR/tonne [1980 – 2178] in the IP.

#### 4.4. Economic situation of the Union industry

##### 4.4.1. General remarks

In accordance with Article 3(5) of the basic Regulation, the examination of the impact of the dumped imports on the Union industry included an evaluation of all economic indicators having a bearing on the state of the Union industry during the period considered, to the extent that such evaluation was possible in view of the lack of clarity with regard to the product scope.

The Commission examined the economic indicators relating to the Union industry on the basis of the verified data contained in the questionnaire reply of the sole Union producer.

##### 4.4.2. Production, production capacity and capacity utilisation

The total Union production, production capacity and capacity utilisation developed over the period considered as follows:

<b>Table 2 — Union production, production capacity and capacity utilisation</b>				
	2014	2015	2016	IP
Production volume <i>Index (2014=100)</i>	100	94	65	55
Production capacity <i>Index (2014=100)</i>	100	100	100	100
Capacity utilisation (%)	42	40	27	23
<i>Source: Verified data of the Union industry</i>				

The production of the Union industry decreased continuously and significantly, by 45%, over the period considered. The decrease in Union production led to an extremely low capacity utilisation rate of the Union industry of only 23% in the IP.

It should be noted that the decrease in the Union industry's production and capacity utilisation levels in 2016 and in the IP were due to the fact that the sole Union producer decided to stop production during the last three months of 2016. This decision was taken as a result of the increase in its stocks and drop in market prices. In this regard, it should be noted that the German authorities acknowledged the unfavourable economic conditions as a valid reason for a temporary suspension of the activity of the sole Union producer.

#### 4.4.3. Sales volume

The Union industry's sales volume developed over the period considered as follows:

Table 3 — Sales volume				
	2014	2015	2016	IP
Sales volume on the Union market <i>Index (2014=100)</i>	100	100	69	71
<i>Source: Verified data of the Union industry</i>				

The sales volume of the Union industry on the Union market decreased by 29% over the period considered, to a much lesser extent than the production, thus indicating that the Union industry sold large quantities from stocks in 2016 and in the IP. The stock development confirms this situation since stock level dropped significantly by 82% during the period considered as it can be noted below, under point 4.3.8.

#### 4.4.4. Employment and productivity

Employment and productivity developed over the period considered as follows:

Table 4 — Employment and productivity				
	2014	2015	2016	IP
Employment <i>Index (2014=100)</i>	100	107	100	78
Productivity <i>Index (2014=100)</i>	100	88	65	71
<i>Source: Verified data of the Union industry</i>				

The level of the Union industry employment decreased significantly in the period considered in order to reduce production costs and gain efficiency. This resulted in a reduction of workforce by 22 % over the period considered. As a consequence and in view of the significant decrease in the production volume (- 45 %) over the period

considered, the productivity of the Union industry's workforce, measured as output per person employed per year, decreased by 29%, i.e. to a much lower extent than the Union production.

#### 4.4.5. Magnitude of the dumping margin and recovery from past dumping

In the absence of a conclusion on all the dumping margins for the countries concerned, the impact of the magnitude of the actual margins of dumping on the Union industry could not be established.

#### 4.4.6. Prices and factors affecting prices

The average unit sales prices of the Union producer to unrelated customers in the Union developed over the period considered as follows:

Table 5 — Sales prices in the Union				
	2014	2015	2016	IP
Average unit sales price in the Union on the total market <i>Index(2014=100)</i>	100	116	107	108
Unit cost of production <i>Index(2014=100)</i>	100	114	113	115
<i>Source: Verified data of the Union industry</i>				

The table above shows the evolution of the unit sales price on the Union market as compared to the corresponding cost of production. During the period considered, sales prices have on average increased less (+8 %) than their corresponding cost (+15 %).

In order to limit the loss in sales volume, the Union producers could not increase their price levels in line with the increase in costs. The increase in cost of production can be explained mainly by the increase in raw material prices.

#### 4.4.7. Labour costs

The average labour costs of the Union producer developed over the period considered as follows:

Table 6 — Average labour costs per employee				
	2014	2015	2016	IP
Average labour costs per employee <i>Index (2014=100)</i>	100	100	95	96
<i>Source: Verified data of the Union industry</i>				



During the period considered, the average wage per employee went down by 4 %. This should however be considered in the context of the severe cuts in employment, as explained above.

#### 4.4.8. Inventories

Stock levels of the Union industry developed over the period considered as follows:

<b>Table 7 — Inventories</b>				
	2014	2015	2016	IP
Closing stocks <i>Index</i> (2014=100)	100	57	24	18
Closing stocks as a percentage of production volume	24	14	9	8
<i>Index</i> (2014=100)	100	61	37	32
<i>Source: Verified data of the Union industry</i>				

The closing stocks decreased continuously and significantly, by 82% throughout the period considered. This trend is also reflected when stocks are measured as a percentage of production volume where the share of stocks has decreased from 24% in 2014 to 8% in the investigation period.

As explained above, the sharp decrease in stocks in 2016 and in the IP resulted from the business decision to stop production and sell exclusively from stocks during the last three months of 2016.

The Union industry mostly produces on the basis of orders, however it must also have available stocks to be able to meet market demand for customers requesting fast deliveries.

#### 4.4.9. Profitability, cash flow, investments, return on investments and ability to raise capital

Profitability, cash flow, investments and return on investments of the Union producer developed over the period considered as follows:

<b>Table 8 — Profitability, cash flow, investments and return on investments</b>				
	2014	2015	2016	IP
Profitability of sales in the Union to unrelated customers (% of sales turnover)	[0 to 5]	[1 to 7]	[-8 to -1]	[-9 to -1]



Profitability of sales in the Union to unrelated customers <i>Index</i> (2014=100)	100	170	-144	-159
Cash flow <i>Index</i> (2014=100)	-100	1201	253	1412
Investments <i>Index</i> (2014=100)	100	226	53	28
Return on investments <i>Index</i> (2014=100)	100	186	-104	-157
<i>Source: Verified data of the Union industry</i>				

The Commission established the profitability of the Union producer by expressing the pre-tax net profit of the sales of the like product to unrelated customers in the Union as a percentage of the turnover of those sales. Profitability of the Union industry dropped sharply from [0 to 5]% in 2014 to [-9 to -1]% in the IP. The decrease in profitability was triggered by higher costs of raw material as well as by higher fixed costs due to lower capacity utilisation levels in the IP. As explained above, the cost of the production increased to a much higher extent than the selling price of the Union industry and thus resulted in a drop in profitability.

The net cash flow is the ability of the Union producers to self-finance their activities. The trend in net cash flow developed positively mainly due to the reduction in stocks.

The investments doubled in 2015 and then decreased steadily until the IP. Overall, the investments of the Union industry decreased by 72% over the period considered. The increase in investments that occurred in 2015 was mainly due to environmental investments and the replacement of old equipment.

The return on investment was established by expressing the profit as a percentage of the net book value of investments. Due to the incurred losses in 2016 and in the IP, the return on investments dropped to negative levels during the same period.

#### 4.4.10. Preliminary conclusion on injury

The analysis of the situation of the Union industry showed a clear downward trend of all the main injury indicators. Production (-45%) and sales (-29%) of LCFC dropped significantly thus triggering very low capacity utilisation levels (23%). While the selling price in the Union increased by 8% this increase could not cover the increase of the unit cost of sales which reached 15% over the period considered. As a consequence profitability dropped and the Union industry was loss-making in the IP. Employment (-22%) and investments (-72%) also followed a downward trend.

Stocks were very high at the beginning of the period considered and represented 24% of the Union production in 2014. To decrease its stock levels, the Union industry reduced its production volume in 2016 and in the IP. Consequently stocks dropped which also had a positive impact on the Union industry's cash flow.

In the light of the foregoing, the Commission preliminarily concluded at this stage of the investigation that the Union industry suffered material injury.

**5. CAUSATION AND UNION INTEREST**

In the absence of clarity on product scope the Commission is not yet in a position to present an analysis of causation or of Union interest.

**6. CONTINUATION OF THE INVESTIGATION**

In view of the above findings, the Commission will continue the investigation without the imposition of provisional measures and invite parties to make their views known on the facts and considerations described above.